

INTEREST.

Which we Call the Price of Money.

The study of the subject of interest, commonly styled the price of money, more correctly styled the price of capital, is of practical importance both to commercial and agricultural communities. While political economists, from a series of premises generally stated, have deduced a few general conclusions, tending to show that, other things being equal, interest will be high, when the risk is great, and low, when the risk is small; that it will be high when the profit of capital is great; and low, when the profit of capital is small; that both of these mutually affect each other within certain limits; that, when profit is great and risk is great, interest will be very high, and when profit is low and risk is great, there will be no loaning whatever; it behooves the people to consider the question less theoretically, or if theoretically, none the less practically.

THE THING ITSELF.

Just as there are circumstances which regulate the rate of wages, so there are circumstances which regulate the rate of interest. For illustration of this we might take the case of a mechanic. His power to accomplish a given result in his line of business is dependent upon muscular force and skill. By the one, he exerts a mere brute force; by the other, he is enabled to avail himself of the "use of natural agents." His labor of the first kind is scarcely productive at all; but if he be deprived of the use of capital, his labor is necessarily confined to the mere exercise of muscular force. If he has no tools, he can in no wise avail himself either of the skill, with which God has endowed him, and which he has measurably perfected by practice, or the use of the natural agents with which he is acquainted. But let him have the use of a shop and tools sufficient to embark in business, and he can at once avail himself of his skill. His labor becomes more productive; that is, he will be able in a given length of time to create a far greater amount of value than before. If his simple labor were worth one dollar per day, his labor and skill will now be worth double that amount. In other words, the capital which he uses has doubled his wages. But the borrowing of shops, tools and materials, is not the ordinary way in which capital is borrowed. It is more convenient, and more in use, for him who wishes to borrow capital, to borrow it in the form of money, which he instantly invests in that kind of capital which his business and occupation demand. Wherefore it is, that we commonly say, "contracts of this kind are estimated in money." It is possible for the laborer to derive great benefit from the loan of money; it enables him to employ his skill, and count his profit from the three several sources of labor, skill and capital. Hence money lending is not an odious business. If there were no money lenders, there could be no money borrowers, and the mechanic in this case would suffer the worse. Nor should any man be expected to lend his money for the simple accommodation of the borrower. The maxim of the Greek philosopher, who taught that nothing should be given for the use of money, because it was not a value, but a representative of value, and possessed no power in itself of increase, is but a refined theory and too unjust to be practical. All that can be said in favor of any sort of exchange is, that one benefits himself, while he benefits another. The lending is honorable, and the borrowing is honorable. The transaction *per se* is not objectionable, but no one can deny that, while the borrower may be indolent and profligate, the lender may be oppressive, tyrannical andvaricious; and from this consideration of the thing itself, that is, the transaction of lending, we come to consider

THE PRICE OF LENDING.

The rate of interest is affected by a variety of causes, among which we may mention as prominent, the risk of lending, the convenience of investment, the profit of capital, and the freedom of capital. No man will have the imprudence to lend his money to an individual who is reputed to be fraudulent, indolent and profligate. There is a certain amount of risk in lending it to any one. The lender is liable to be paid for this risk, and the greater the risk the more, as a general rule, has he a right to demand. Thus the danger of the sea being greater than the danger of the land, the rate of maritime insurance exceeds that of land insurance. Thus it is that many of the governments of South America can scarcely borrow money at any rate of interest; while the government of Great Britain borrows freely at three and four per cent. These South American governments are unstable, and subject to revolutionary convulsions. The public confidence in the solidity, permanency and integrity of the British government is such that there are few civilized nations that do not own some share in her public debt; all feeling confident that the interest upon their loan will be promptly paid at maturity.

The convenience of investment likewise affects the rate of interest in several ways; by the facility of transfer, the punctual payment of interest, and the permanency of investment. In other words, if capital or money is so invested that it may be speedily recalled, and its lender may be able to calculate with reasonable certainty of the punctual payment of its interest; or if he choose any assurance that the investment is safe; in such states of case the rate of interest is, and ought to be, low; for an investor

ment of this kind combines the advantages of a funded debt. So, likewise, the average profit of capital, depending upon sub-causes, such as the fertility of land and the productiveness of industry, and the freedom of capital, or the untrammelled liberty of a man to invest his money as he may see fit, will, as we have said, affect the rate of interest.

Without elaboration of these causes of fluctuation of interest, it can readily be understood, that a high rate of interest is no indication of the prosperity of a country. If the interest be raised by an increase of risk it is an evidence of a lack of prosperity. Rise of interest from such a source is not beneficial to any one. It is more profitable to the lender to lend at five per cent, when the loan is safe, than at ten per cent, when five is for the risk and five for the use of the money. It is ruinous to the borrower, because a thousand dollars are worth no more to him when he pays five per cent merely for risk, than when he pays nothing for it. These causes of fluctuation of rates of interest, being thus mentioned, rather than considered, do we find any conditions or circumstances operating in Kentucky, excepting perhaps in individual sections, which properly justifies a high rate of interest, say

TEN OR TWELVE PER CENT?

Candidly we think not. The character of risk which the lender incurs in Kentucky is greatly modified by the practice of requiring endorsements of the private notes of the borrowers. If a man borrow money for a hazardous investment, or if he be of a doubtful solvency, the endorsement of his note by persons of recognized pecuniary ability, states the amount of risk, and should therefore decrease the rate of interest. This is the prevailing practice in the business transaction of borrowing and lending in the commercial world. And to make "assurance doubly sure," even when the borrower is of the most unquestioned integrity, and of unobscured solvency, additional security is required, sometimes personal and not unfrequently by means of mortgage, before the lender parts with his money. By this means the amount of risk is not decreased, but another condition is secured, which when secured, tends to the establishing of a low rate of interest, viz: Punctuality in the payment of interest when due. The debt being safe and the interest being paid punctually, the investment, or lending, is of that character which may induce those who have a surplus of money to permit it, as we have said, to remain as it is. This is peculiarly advantageous to guardians, trustees and other fiduciaries. It is similar in principle to a funded debt; and just as Great Britain has funded her public debt at three or four per cent, so can those who have their surplus to lend afford to lend at a low rate of interest, when the risk is small, when the interest will be paid punctually, when it is subject to a recall upon a short notice, or when it can remain in the hands of the borrower if the lender choose. These are the conditions operating with reference to the government of Great Britain, which enable her to borrow money at so low a rate of interest. And these are the conditions which operate in Kentucky, partly, if not fully, by reason of the private endorsement system.

Money lenders, of the more avaricious kind, have objected to a statute law fixing interest for the loan or forbearance of money at a rate not exceeding six per cent, upon the ground that the legislature might as well attempt to fix the prices of horses, mules or any other species of property. Leaving unnoticed what would be the strictures of these persons upon the legislature, it should fix the rate of interest at twelve per cent, we only suggest that such an argument proves entirely too much. By a parity of reasoning, the legislature ought not to fix the rates of toll, the fees and salaries of public officers, it should not empower the County Court to regulate the rates of tavern charges, it should not regulate the prices of licenses to engage in the various pursuits for which a license is required. So when reduced to its last analysis, it would forbid to the legislature the power to regulate any of these matters, which is its peculiar province to do.

There is, furthermore, a consideration of sound policy which should forbid, in an agricultural country, the effort to establish, by usage, a high rate of interest. Capital will be diverted from the cultivation of the soil to such an extent that our agricultural interests will suffer. In this portion of Kentucky, we are an agricultural people. Our soil is good. From it, and by it, the solid business interests of the community must rise or fall. If farmers are allured, as they are in fact daily becoming allured, by the temptations of ten per cent, to sell their farms, stop the cultivation of the soil, and the grazing of cattle to invest their entire wealth in bonds and stocks, yielding an extravagant per cent, we are bound sooner or later to feel the ruinous effects.

Being an agricultural people on account of our soil, our best interests lie in taking care of, and improving, that which providence has given us, instead of sacrificing our rich and bountiful and rushing frantically after unsubstantial values.

DON'T buy your groceries until you see our new goods.

BRO. D. WARREN & CO.

The Senate amendments to the bill repealing the banking privilege were concurred in. The bill takes effect July 1, 1873. No allowance is either made or money allowed to Congressmen for postage.

Hon. H. W. BURKE, judge of the Jefferson Circuit Court, has been appointed by the Governor, Chancellor of the Louisville Chancery Court, in the place of Geo. T. C. Cuyler, who died recently.

NEGRO EDUCATION.

In the Senate of Kentucky, leave has been obtained by Dr. Stanford, of the Louisville Senatorial District, to introduce a bill providing for the establishment of common schools for the education of negroes. In the main the bill is well guarded, and we have no serious objections to any part of the bill except the Third Section. The common schools, proposed to be established by the bill, are to be supported by the "African School Fund," which shall consist:

First—Of a sum to be raised by taxation of negro real and personal property at the rate of fifteen cents on the one hundred dollars. Second—Of one-half of all sums to be received by the State by virtue of any resolution of Congress providing for the distribution of the proceeds of the public lands. Thirdly—Of any donation gift, or devise to aid in the education of the blacks. Fourthly—Of the resources of the Sinking Fund, arising from the tax imposed on bank stock, and the capital dividend, or income of all other moneyed corporations or institutions, the tax upon brokers, the tax upon the agents of any insurance company, the net dividends upon the stock owned by the State in any bank, or other institutions, the dividends on the State's stock in any turnpike, or other public work, all revenue arising from the State's interest in any railroad company, proceeds from the lease of the penitentiary, or from any other source except the amount arising from the five cents on the one hundred dollars.

The fund arising from the various sources set forth in this fourth section, by the provision of the bill, is not to be touched unless the provision made in the first, second and third sections shall prove inadequate to carry on and defray the expense of the school. It is to this contingency that we object, because we are satisfied that it will happen. The act of March 9th, 1867, provided that all money arising from the taxation of negroes should be disbursed, in the counties respectively, first for the support of negro paupers, and secondly, if a surplus be left, for educational purposes. It was, however, soon made manifest that the fund thus arising was totally inadequate to prevent negro paupers from actual suffering; and, indeed, had the county court of Lincoln—we know not how true the same is with respect to other counties—not really appropriated part of the whiteley for their support, many of them would have died of absolute starvation and nakedness. We note in this connection that negroes have but little more feeling for their own race than a set of brutes. They will give freely to support a brass band, or a lazy, thieving preacher, but in nine cases out of ten, they will permit one of their own number to rot on the bed where he had died, rather than contribute ten cents to dig his grave; and this we know to be true. By the way, The Legislature, finding that the act of March 9th 1867, was fruitless in its results, repealed the same in February, 1871. The experience of the State therefore is, that negroes can neither be educated or supported by means of taxation limited to their own race; and we think, in all conscience, it is enough for the white people to do when they take care of their paupers. These various resources mentioned in the third section arise from indirect taxation of the property of white people, and we desire to put it down in black and white, as strong as we can, that we are unalterably and unflinchingly opposed to any measure which proposes to tax white people, whether directly or indirectly, to educate negroes. While we urge no opposition to the bill, leaving out this third section, we yet say nothing in favor of it. No very limited observation has proven to us, that negroes grow worthless in a community in proportion to the number of schools taught in it. When they go to school, they refuse to work, and when they refuse to work they steal; and this is the truth and nothing but the truth. That our readers may see the bill for itself we append hereto, the leading and most important sections:

An act to establish, in this Commonwealth, a uniform system of common schools for the education of children of African descent:

Section 1. There is hereby established, in this Commonwealth, a uniform system of common schools for the purpose of securing tuition and education to the children of African descent.

Section 2. The school fund for the purpose aforesaid, to be called "The African School Fund," shall consist of: First—The amount raised annually by a collection of fifteen (15) cents on the one hundred dollars in value of all property and choses in action, owned or held in fee by the Commonwealth, by private individuals, or by any corporation, or by any other person, for the purpose of securing tuition and education to the children of African descent. Secondly—One-half of any and all amount of money received by this Commonwealth under or by virtue of any act or resolution of Congress providing for the distribution of public lands, or proceeds of the sale thereof. Thirdly—Any donation gift, or devise from any person whatsoever, where the intent is expressed, that the same is dedicated to aid in the tuition or education of the colored children of this Commonwealth, or of any county or school district therein. Fourthly—Of such additional funds as may be dedicated to that purpose by the next session of this act.

Section 3. It shall be the duty of the Superintendent of Public Instruction on the first day of January, A. D. 1874, and on the same day of each year thereafter, to make an accurate estimate, and determine how much will be required to defray the expenses of the system of common schools for the year ensuing, by deducting from the fifteen cents on the one hundred dollars, provided for by this act, and from the interest and profit of any other funds received by the Commonwealth, or by any county or school district therein, the amount sufficient to enable him to disburse in aid of the African school system, the sum for each colored child of school age, as will be found by the Superintendent for the year ensuing, to be distributed to each white child of school age; the deficiency to be made up by the Legislature or otherwise, as the Legislature may see fit. The Superintendent shall report to the Auditor of Public Accounts, and the Auditor shall report to the next session of the Commonwealth, the amount of the fund arising from the tax imposed on bank stock, and the capital dividend, or income of all other moneyed corporations or institutions, the tax upon brokers, the tax upon the agents of any insurance company, including life and fire insurance, which may be received of either the net dividends upon the stock owned by the State in any bank or other institution, the net dividends upon the stock owned by the State in any turnpike or other public work, the revenue or profit in the State arising from her interest in any railroad company, as now playing

cards, proceeds from the lease of the Kentucky penitentiary, or from any other source except the amount arising from the five cents on the one hundred dollars in value of all property and choses in action, owned or held in fee by the Commonwealth, by private individuals, or by any corporation, or by any other person, for the purpose of securing tuition and education to the children of African descent. The amount to be distributed to each white child of school age, shall be, and the same are hereby, made applicable to the conduct, government, maintenance, support and general control of the common schools for the education of children of the African race. Provided, however, that the election of trustees in school districts shall be by the qualified colored voters in said district.

Section 4. A capitation tax of one dollar shall be levied on every colored male and citizen between the ages of eighteen and sixty years, which shall be assessed and collected as other taxes, and paid to the Commissioner of the common schools, who shall be responsible on his bond for the safe custody and proper disbursement thereof. The fund arising from the capitation tax above provided for shall be appropriated to the following purposes only: First—For building school houses. Second—For extending the time and improving the character of African common schools.

A BILL passed the Senate authorizing tavern keepers, three months after their guests have departed without paying their bills, after advertisement or notice and filing in the county clerk's office a schedule of the articles, to sell a sufficiency to pay charges and pass a good title to the purchaser, without any proceedings in equity.

A FRIGHTFUL marine disaster is reported in the English Channel, on the 22nd at midnight, the emigrant ship, Northford, from London to Australia, with 402 persons on board, collided with an unknown steamer and was cut down to the water's edge, over three hundred persons were drowned.

The Lexington Statesman says it is likely the Southern Railway will not be located until the ownership of the Kentucky Central is decided by the Court of Appeals.

GOV. JOHNSON, Chief of Police, of Louisville, is making vigorous efforts to suppress the numerous gambling dens that disgrace that city.

The Governor offers a reward of \$500 each for the apprehension of Clay Drye and Bill Wilson, charged with the murder of John Williamson.

MAJOR W. W. DOWDEN, a prominent citizen and Democratic politician, committed suicide by shooting himself, in Lexington, on Monday night last.

A serious conflict is threatened between the citizens and Federal authorities in Utah.

The bill to repeal the Library privilege was defeated.

Hon. cholera is prevailing in a portion of Woodford county.

LOUISVILLE offers a half million for the Capitol. We pass.

KENTUCKY PIANO MANUFACTORY.

THEO. GREEN & CO. AUG. C. LINDENBACH.

THEO. GREEN & CO.

PIANO FORTE

MANUFACTURERS,

WAREHOOM: Radd's Block, Second and Jefferson.

LOUISVILLE, KY.

PARTIES DESIRING TO PURCHASE A

First-Class Piano

WILL DO WELL AND

SAVE MONEY

By Calling on the Manufacturers.

OLD PIANOS EXCHANGED.

EVERY PIANO WARRANTED FOR

10 YEARS.

Representatives—George T. Evans, Dr. T. W. Brown and W. M. Higgins, 1749 Broadway, N. Y.

From the Louisville and Cincinnati, Ky. Agents, Geo. T. C. Cuyler, 1749 Broadway, N. Y.

WATCHES, CLOCKS,

JEWELRY,

SILVER

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—AND—

FINEST PEBBLE GLASSES!

Also, agents for the sale of

BLACK'S SPHEROIDAL LENSES

The best in use. We are provided with a reliable counter, by which we are enabled to ascertain the strength of each eye, and select glasses to suit, without the possibility of failure.

A. H. PEACOCK & CO.

NEW FIRM

A. G. PENDLETON. W. H. HOCKER.

PENDLETON & HOCKER,

South Side Main Street, STANFORD, KENTUCKY.

GROCERIES,

Hardware, Boots, Shoes,

NOTIONS,

Confectioneries, TIN-WARE,

Hollow-ware, Etc.,

HAVING recently formed a partnership with the determination to keep a full line of staple goods and sell them at low prices. We are the proprietors of the Kentucky Grocery, 1749 Broadway, N. Y.

Product of All Kinds taken in Exchange for Goods.

Grandest Scheme of the Age.

\$500,000 CASH GIFTS.

\$100,000 FOR ONLY \$10.

Under authority of special legislation act of March 15, 1872, the trustees now announce the Third Annual Lottery, to be held on the 1st day of July, 1873, at the City Hall of Louisville, Ky.

Monday, April 8th, 1873.

At this time the best method of obtaining tickets is by purchasing them from all parts of the country, and all persons who desire to participate in the lottery, should do so at once, as the tickets are not to be sold after the 1st day of July, 1873.

LIST OF GIFTS:

One Grand Cash Gift of \$100,000

One Grand Cash Gift of \$50,000

One Grand Cash Gift of \$25,000

One Grand Cash Gift of \$10,000

One Grand Cash Gift of \$5,000

One Grand Cash Gift of \$2,500

One Grand Cash Gift of \$1,000

One Grand Cash Gift of \$500

One Grand Cash Gift of \$250

One Grand Cash Gift of \$100

One Grand Cash Gift of \$50

One Grand Cash Gift of \$25

One Grand Cash Gift of \$10

One Grand Cash Gift of \$5

One Grand Cash Gift of \$2

One Grand Cash Gift of \$1

One Grand Cash Gift of \$500,000

One Grand Cash Gift of \$250,000

One Grand Cash Gift of \$100,000

One Grand Cash Gift of \$50,000

One Grand Cash Gift of \$25,000

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One Grand Cash Gift of \$1

One Grand Cash Gift of \$500,000

One Grand Cash

